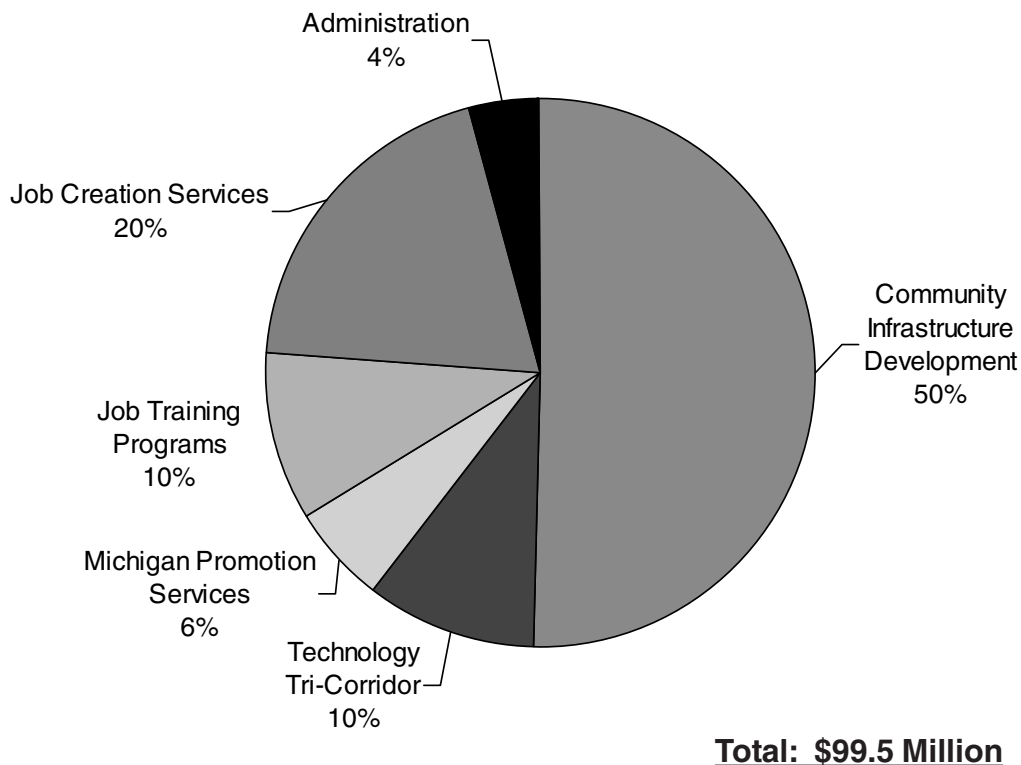


Michigan Strategic Fund

The Michigan Strategic Fund is the agency responsible for overseeing the state's economic development strategies. The appropriation to the Michigan Strategic Fund is used to support global and statewide business development and job creation and retention activities, promote statewide tourism, and administer federal community development block grants. The Michigan Strategic Fund is empowered to enter into partnerships with local governments to create the Michigan Economic Development Corporation (MEDC). Total recommended funding for the Michigan Strategic Fund is \$99.5 million, of which \$35.6 million is general fund.

Funding is Used for Community and Economic Development



Department Priorities

- Rank Michigan among the top five states for new business expansions and locations.
- Rank Michigan in the top three Midwest states as a leisure travel destination.
- Begin the development of the Technology Tri-Corridor.
- Develop strategies for improving the relationship between higher education and economic development in order to grow the economy by moving research ideas into the marketplace.
- Promote smart economic growth by providing tools to help communities revitalize their urban cores.

Michigan Strategic Fund Budget Highlights

- ◆ Michigan Economic Development Corporation managers work directly with businesses and local economic development officials to remove barriers to business growth and expansion. Business development services include site location services, information about business finance programs, statutory tax incentives and abatements, as well as worker recruitment and targeted job-training grants.
- ◆ Job training grants totaling \$10.0 million are included in the fiscal year 2004 Executive Budget recommendation to assist employers in creating and retaining jobs in Michigan. Key aspects of the program include: quick response to company training needs in order to maintain or attract permanent jobs for Michigan residents, and collaborative efforts between businesses to help them be more competitive in the global marketplace. Due to current revenue constraints, funding for the program is reduced by 18.6 percent (\$2.3 million) compared to the current year.
- ◆ The fiscal year 2004 Executive Budget recommendation includes \$5.7 million for the Michigan Promotion Program, which promotes the state's tourism industry. Annually, Michigan's tourism industry supports \$12.8 billion in tourist spending, which generates an estimated \$660.0 million in state and local taxes. Due to current fiscal constraints, funding for the program is reduced by 10.9 percent (\$700,000) compared to the current year.
- ◆ The MEDC continues to focus on the development of 11 SmartZones located across Michigan. SmartZones are intended to stimulate the growth of technology-based businesses and jobs by aiding in the creation of new and emerging business clusters. These SmartZone clusters are focused primarily on commercialization ideas, patents, and other opportunities surrounding university or private research and development efforts. To date, the development of these 11 SmartZones has resulted in \$120.0 million in investments in Michigan.
- ◆ The fiscal year 2004 Executive Budget recommendation provides \$50.0 million in federal pass-through grants to smaller local communities. Community Development Block Grants can be used for telecommunications infrastructure as well as road, water, and sewer improvements necessary to support business or economic development activities.
- ◆ Using the model and building upon the success of the life sciences corridor, the Governor announces the establishment of a Technology Tri-Corridor to include the life sciences, homeland security and automotive industries. The goal of the Corridor will be to create cutting edge businesses and high-wage jobs in Michigan. The Technology Tri-Corridor will jump-start the effort to develop and bring to market advancements pioneered in our universities and businesses. The \$20 million program will be funded jointly by the state and the Michigan Economic Development Corporation (MEDC), with each contributing \$10 million to the effort.

"We will position Michigan to lead the world in the development of the technology-based industries likely to dominate the world economy in this new century."

Governor Granholm, State of the State Address, February 2003

Fiscal Year 2004 Governor's Recommendation
Michigan Strategic Fund
(\$ in Thousands)

	FY03 Enacted	FY03 Current Law	FY04 Recommended	% Change
GF/GP	\$44,699.2	\$40,426.1	\$35,555.9	-20.5%
All Funds	\$153,656.5	\$136,883.4	\$99,513.2	-35.2%

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